GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2071
ANSWERED ON:29.11.2016
Price of Fertilizers
Panda Shri Baijayant "Jay"

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government has taken note of the reservations expressed by the Parliamentary Standing Committee on Chemicals and Fertilizers regarding the rising prices of P&K fertilizers;

(b) if so, the reaction of the Government thereto;

(c) whether the Government has any proposal to increase production of low cost indigenous fertilizers and take steps to reduce the fertilizers subsidy bill, as suggested by the Committee; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERILIZERS, SHIPPING, ROAD TRANSPORT AND HIGHWAYS

(SHRI MANSUKH L. MANDAVIYA)

(a) & (b): Yes Madam. Under the NBS Scheme for P&K fertilizers, the Maximum Retail Price (MRP) is fixed by the fertilizer companies as per market dynamics. The MRP of P&K fertilizers depends on the international prices of P&K fertilizers and its raw material and exchange rate.

To curb the price rise of P&K fertilizers, the Government is scrutinizing the cost data submitted by the fertilizer companies from 2012-13 to verify the reasonableness of MRPs of the fertilisers fixed by these fertilizers companies. The Government has engaged Cost Accountants/ Firms for the scrutiny of the cost data and to submit reports on the reasonableness of the MRPs fixed by the companies. In cases, where after scrutiny, unreasonableness of MRP is established or where there is no correlation between the cost of production or acquisition and the MRP printed on the bags, the subsidy may be restricted or denied even if the product otherwise eligible for subsidy under NBS. In proven case of abuse of subsidy mechanism, DoF, on the recommendation of Inter-Ministerial Committee may exclude any grade/grades of fertilisers of a particular company or the fertilizer company itself from the NBS scheme.

With fall in international prices of P&K fertilisers, fertiliser companies in the month of June 2016 has reduced the MRP of MOP, DAP and NPK by Rs. 5000/MT, Rs. 2500/MT and Rs. 1000/MT respectively.

(c)&(d): The P&K Fertilisers are under Open Government License. Hence, the production and sell of these fertilisers are basically the commercial decisions of the companies. The Government doesn't interfere in the decisions of the companies. However, the Government is promoting use of Single Super Phosphate(SSP) which is a low cost indigenous fertilizer and substitute for Di Ammonium Phosphate (DAP). Recently, the Government has removed the minimum production criteria for SSP manufacturers to be eligible for subsidy under the NBS Scheme. Earlier, the SSP manufactures have to produce half of their installed capacity or 40,000 MT whichever is lower during the production year to be eligible for subsidy under the NBS Scheme. In addition to that the Department is also allowing marketing arrangements between the SSP manufacturers and registered fertilizer companies to enable the SSP manufacturers to sell their products through a larger marketing network of the bigger companies. After implementation of the NBS Scheme, subsidy outgo is going down year by year as can be seen in the table mentioned below:

(Rs. in crore)

Year	Subsidy outgo on P&K fertilizers
2005-06	6596.19
2006-07	10298.12
2007-08	16933.80
2008-09	65554.79
2009-10	39452.06
2010-11	41500.00
2011-12	36107.94
2012-13	30576.10
2013-14	29426.86
2014-15	20667.30
2015-16	21937.56
2016-17 (BE)	

18999.99

******